



# 2018 ANNUAL REPORT

A Journey  
of Transformation  
**TEXTILE . PEB . EPC**







*Don't Just Build... Create*

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Dear Shareholders,

The financial year 2017-2018 was a momentous one as the Indian economy embraced the biggest economic reform of GST within a year of demonetisation. This move towards 'One nation, One market, One tax' will provide a big boost towards economy of the India.

Today, India is one of the largest growing economies in the world, poised to record a healthy growth rate of 7% on the back of consumption and increased public spending. With the country getting younger every day and with the rising aspirations of emerging India, there are thousands of thriving markets beyond the urban metros that uphold the power to fuel the nation's economic engine. This growth will get accelerated with a slew of ecosystem enablers such as Make in India, Skill India and Start-up India.

Sharing few highlights of the Company for the financial Year 2018, the turnover of the company had decreased during the FY2018 as compared to the FY 2017, mainly due to the impact of GST and other various macro factors. The Company had incurred a Net Loss of Rs. (105) Crore for the year ended 31st March 2018 vis-à-vis net profit of Rs 2.90 crore in the corresponding previous year.

This year, efficiency improvement was our main focus area for improving the production & quality. We are also committed to continue with savings in our operational journey in the coming financial year. We will take various initiatives at strategic level to continue with the same. We are also dedicated towards high quality and safety standards and firmly committed to deliver projects on time. We had secured an order of Rs 35 Crores from DMRC for constructed the six metro elevated stations on Mukundpur-Shiv Vihar Corridor and Depot cum Workshop of Jhangirpuri- Badli Corridor Phase III of Delhi MRTS.

During the last several years your company has grown and doing their best in the PEB & EPC sector. But the growth of the industry fluctuated many times due to various reasons such as economic slowdown, various government policies and many more.



Dr. Sandeep Gupta, Managing Director

In the future, your company looking for many new project and also plan to explore new segments which will lay a strong foundation for future growth of the Company. It's an challenge to overcome such huge losses, but we are committed & on behalf of all the team of Richa we assure all our stakeholders that we will not leave any stone unknown to change the future of the Company.

In the last but not the least, Change and adaptability is the key to success in the ever evolving textile and apparel market. We are confident that if we are able to adapt to the changing market, the future will be extremely rewarding for all our stakeholders.

Before I conclude, I would like to take this opportunity to thank to our shareholders, employees, customers and other stakeholders for their firm belief in the Company.

With Best Wishes

Sandeep Gupta  
Managing Director

**COMPANY INFORMATION**

**Board of Directors**

Dr. Sandeep Gupta	Managing Director
Mr. Manish Gupta	Director
Mr. Nitin Agarwal	Non-Executive Independent Director
Ms. Bhawana Singhal	Non-Executive Independent Director
Mr. Lavesh Kansal	Director (Professional-EPC Division)

**Company Secretary**

Mr. Gaurav Yadav

**Statutory Auditors**

M/s Vijay Singla & Associates, Chartered Accountants  
H.No. 427, Ward No. 9, Dhir Street,  
Near Bus stand, Backside Electricity Board  
Mansa (Punjab) - 151505,

**Secretarial Auditors**

Arun Singh & Associates  
E -57, 202, Second Floor  
West Vinod Nagar, I.P. Extension,  
Delhi - 110092

**Bankers**

Indian Overseas Bank  
Corporation Bank

**Board Committees:**

**Stakeholder and Relationship Committee**

Ms. Bhawana Singhal	Chairman
Mr. Nitin Agarwal	Member
Dr. Sandeep Gupta	Member

**Audit Committee**

Ms. Bhawana Singhal	Chairman
Mr. Nitin Agarwal	Member
Dr. Sandeep Gupta	Member

**Nomination and Remuneration Committee**

Ms. Bhawana Singhal	Chairman
Mr. Nitin Agarwal	Member
Dr. Sandeep Gupta	Member

**Registered Office**

Plot No 29, DLF Industrial Area,  
Phase-II, Faridabad-121003

**Textile Division**

VPO Kawnra, Old Faridabad to  
Kheri-Jasana Road, Near Lingayas  
Institute of Mgt & Tech.  
Faridabad - 121001  
Haryana

**Construction & Engineering Division**

8th Km Stone, Ramnagar Road  
NH-121, Kashipur,  
Udham Singh Nagar  
Uttarakhand - 244713

**Registrar & Transfer Agent  
Link Intime India (P) Limited**

44, Community Centre, 2nd Floor  
Near PVR, Phase-I  
Naraina Industrial Area,  
New Delhi- 110028

E-Mail:

cs@richa.in

Website:

www.richa.in



## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### Forward Looking Statements

*This report contains forward-looking statements, which may be identified by the use of words like 'plans', 'expects', 'will', 'anticipates', 'believes', 'intends', 'projects', 'estimates' or other words of similar connotation. All statements that address expectations or projections about the future, including, but not limited to statements about the Company's strategy for growth, product development, market position, expenditures, and financial results, are forward-looking statements. Forward-looking statements are based on certain assumptions and expectations of future events. The Company can not guarantee that these assumptions and expectations are accurate or will be realized. The Company's actual results, performance or achievements could thus differ materially from those projected in any such forward looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statement, on the basis of any subsequent developments, information or events.*

### Corporate Overview

Richa Industries Limited is a leading manufacturing company operational in Pre-Engineered Building, EPC (Engineering, Procurement & Construction) and Textile Sectors. An ISO 9001:2008 certified company; Richa Industries Limited is listed at Bombay Stock Exchange. Richa Industries is the PEB Company to be certified for OHSAS 18001:2007 by IRQS in 2017. The company has reputed clientele enriched with government as well as private clients. The strict quality control measures, adoption of most modern and state-of-the art technology, innovative concepts and adhering to strict delivery schedules have made Richa today the most trusted name in the industry.

### Overview of the Economy

The Indian Economy growth was better in the financial year 2017-18 and the gross domestic product was better than financial year 2016-17. The reform of the Goods and service tax (GST) within a year of demonetization is expected to provide a boost to the economic growth and investment in the long run. With an improving business and a liberal FDI regime foreign capital inflow has provided impetus to the domestic economy. According to the World Bank Global Economic Prospects report India GDP expected to rise to 7.4% in Financial Year 2018-2019 and 7.8% in Financial Year 2019-2020.

### Industry Overview

- **Textile Industry**

The textile industry is also expected to witness growth across developed and emerging markets. The Indian textile industry is among the oldest in the country. Currently, the domestic textile industry contributes 10% to the manufacturing output of the country, generates about 4% to its GDP and employs more than 45 million people. Importantly, the sector contributes 15% to the export earning of India. Exports have been a core feature of India textile sector.

### Opportunities & Challenges

The Indian textile industry is highly fragmented and is being dominated by the unorganized sector and small and medium industries. The changing government policies at the state and central government levels are posing major challenges to the textile industry. Another important threat is raising interest rates and labor wages and workers' salaries. The Indian textile industry has its own limitations such as accesses to latest technology and failures to meet global standards in the highly competitive export market.

Richa is constantly looking for these opportunities and with a strong marketing team there is growth in the fabric demand and business has consistently improving their fabric keeping in view the customer needs and preferences.

### Risk & Concerns

'Risk' is basically linked to uncertainty of the future. The uncertainty associated with the outcome of an event that can lead to loss or profit is known as Risk. Every event has got an impact associated with it - either positive or negative. The negative impact represents risk. Richa focuses on mitigating the adverse impact of risks on the business. At Richa, managing risks goes hand-in-hand with maximising returns. The Company's integrated risk management approach, comprising centrally-issued policies, divisionally-evolved procedures, and periodic reviews undertaken by the senior management, ensure that business risks are effectively addressed.

## **Outlook**

Richa has a positive outlook in this industry and its increases its production and expand its business and its also looking for greater opportunities with the emerging market and the outlook of this company is mainly focussed on the growth and increases its customer base and to stay relevant to the changing consumer preferences. Richa improved its quality and focus on the expansion of business and sustainable growth and continues to work towards achieving cost efficiencies and fully utilisation of its resources effectively and efficiently.

### **• Construction & Engineering (Pre Engineered Building) Industry**

PEB Building is the fastest systems of constructions today and gaining popularity worldwide. It is technology driven, versatile and economically and environment friendly. Richa has experienced team of engineers and time bound completion with the help of ERP 4 steps of quality checks during execution and it has Experience of delivering 46 m high building in 6 months and 5000 MT project in 10 months. Richa receives an order of Rs 35 Crore (Approx) from Delhi Metro Rail Corporation for constructing the six elevated metro stations on Mukundpur-shiv Vihar corridor and Depot cum Workshop of Jahangirpuri-Badli Corridor Phase III of Delhi MRTS. Richa received back to back order from DMRC and it is Fifth Order.

Richa is committed to growing through efficiency and responsiveness to the customer. Safety has been a key focus area to enhance the contracting skills and site execution capabilities. Richa has deliver the project in time and expect to grow into a large business for the company.

### **Growth potential for the Construction & Engineering (PEB) Industry**

Richa has growth potential and gain momentum through speedy, safe and strong project executions. Richa focus on enhancing capacity utilization of existing plant will drive this segment going forward. However, unforeseen events that effect the sustenance of the growth momentum.

### **The key issues and challenges for Construction & Engineering Industry (PEB)**

Increase in the steel price and large volatility have adverse impact on this industry. There are changes in the steel prices which have adverse effect on the profitability. Steel prices are highly volatile and the faster execution of project is to protect against the price variations during the term of the project execution is the key to protect against the price risk. Implementation of Goods and Service tax (GST) had posed major hurdle during the last year.

### **Future outlook of this Industry**

Today is the era of Pre-Engineered Building & Composite Steel Structure and now more than 80% Industries are adopting it to enable error free construction. In India, a competitive market in delivering metal/steel building, the scope of PEB is eminently immeasurable. Further, government has launched a "MAKE IN INDIA" initiative not only to set up India market but also to cater to the overseas market that will lead to Best GDP Growth rates across the world. Moreover, government affordable housing schemes will increase the demand of Pre-Engineered light weight houses that ensure quality construction and cost effectiveness. Also a dust of GST is settling down this sector pose for a good growth.

## **Financial Performance**

Your Company reported decrease in revenue from operations of Rs 19245.89 Lacs for the year ended 31<sup>st</sup> March, 2018, as compared with Rs 50641.04 Lacs in the previous year. The loss is of Rs (10588.26) Lacs. The total expenditure during the year was Rs. 29626.38 Lacs against Rs. 50307.19 Lacs in the previous financial year. There is loss in the Company due to various factors such as decrease in the sales as compared to the last year and increase in the finance cost and increase in the expenditure.

### **Internal Control Systems and their adequacy**

Richa Industries Limited has a proper and adequate system of internal controls to ensure that all the assets are safeguarded and protected against loss from unauthorized use or disposition. The Company internal controls are supplemented by an extensive programmed and its review by management and documented policies, guidelines and procedures.



The Company maintains a system of internal control designed to provide a high degree of assurance regarding the effectiveness and efficiency of operations, the reliability of financial controls and compliance with laws and regulations as applicable in the various jurisdictions in which the Company operates.

### **Health Safety and Environment**

The Company is continuously working for the safety of the employees and also to minimize the environmental impact on its operations. The Company continuously provides and maintains best safety measures in the plants and also equipped with best pollution control with the best emissions norms. Regular medical examination of the employees is the integral part of the Company policy. All employees are obliged to ensure that they fully understand all policies and do fully comply with the requirements. The Company believes and ensures that there should be no injuries and incidents in their plants and taken OHSAS to ensure further safety & health of our employees & associates.

### **Human Resource and Industrial Relations**

The Company enhances the skill of employees through various Programmes. This is a part of human Resource function and it plays a role to support the organization growth and its sustainability in the long run. These programmes play an important role for employees for upgrading of their skills and talents which help the organization to gain momentum. During the FY 2018, the Company had 558 employees including workers.

### **Cautionary Statement**

Statements in the Directors' Report & Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operation include raw material availability and prices, cyclical demand and pricing in the Company's principal market, changes in Government regulations, tax regimes, economic developments within India and the countries in which the Company conducts business and other incidental factors.

### **Appreciation**

Your Directors express their warm appreciation to all the employees working at various units for their diligence and contribution. Your Directors also wish to record their appreciation for the support and co-operation received from the dealers, agents, suppliers, bankers and all other stakeholders.

For and on Behalf of the Board of Directors

Date: May 30, 2018

Sandeep Gupta  
Managing Director  
DIN: 00035751

Dear Shareholders,

Your Directors are delighted to present Twenty Fourth Annual Report of your Company with the audited financial statements for the year ended March 31, 2018.

### **Financial Results**

The Company's Financial Performance, for the year ended March 31, 2018 is summarized below:

Particulars	<b>(Rs. In Lac)</b>	
	Current Year 31.03.2018	Previous Year 31.03.2017
Total Revenue	19296.70	50722.83
Total Expenses	29626.38	50307.19
Profit/(Loss) before extraordinary items and tax	(10329.67)	415.64
Extraordinary Items	(7.75)	(17.06)
PROFIT/ (LOSS) BEFORE TAX	(10337.42)	398.58
Less: Provision for Income Tax	250.84	100.77
PROFIT/(LOSS) FOR THE YEAR	(10588.26)	290.65

### **RESULTS OF OPERATIONS AND THE STATE OF COMPANY AFFAIRS**

Your Company reported decrease in revenue of Rs 19245.89 Lacs for the year ended 31<sup>st</sup> March, 2018, as compared with Rs 50641.03 Lacs in the previous year. The Loss of Rs (10588.26) Lacs as against Rs 290.65 Lacs in the previous year. The total expenditure during the year was Rs. 29626.38 Lacs against Rs. 50307.19 Lacs in the previous financial year.

During the year, In April, 2018 your company has issued and allotted 900 unlisted, secured, redeemable, transferable, taxable, rated Non Convertible Debentures for Rs 1,00,000/- each for cash aggregating to Rs 9,00,00,000/- (Nine Crore Only) on private placement basis with a maturity of at least 38 months from the deemed date of allotment, each at an interest rate not exceeding 13.05% per annum, payable semi-annually (net of withholding taxes).

The Basic and Diluted Earning Per Share (EPS) computed in accordance with the Accounting Standard- 20 issued by the Institute of Chartered Accountants of India was Rs.(45.19) Per share respectively as against Rs. 1.24 Per share during the previous year.

### **TRANSFER TO RESERVE**

No amount is appropriated from Profit and Loss Account and transferred to any reserve amount.

### **DIVIDEND**

Due to Loss, the Directors do not recommend any dividend for the financial year 2017-18.

### **SHARE CAPITAL**

The paid up Equity Share Capital as at 31<sup>st</sup> March, 2018 stood at Rs 23.43 Crore. During the year under review, the company has not issued equity shares with differential voting rights, sweat equity shares nor has it granted any stock option. There was no public issue, rights issue, bonus issue, preferential issue etc.